

**HABITAT FOR HUMANITY NEW YORK CITY AND
WESTCHESTER COUNTY, INC. AND AFFILIATES**

**Consolidated Financial Statements and Supplementary Information
For the Years Ended June 30, 2023 and 2022
With Independent Auditor's Report**



MITCHELL TITUS
ACHIEVING EXCELLENCE TOGETHER

**HABITAT FOR HUMANITY NEW YORK CITY AND
WESTCHESTER COUNTY, INC. AND AFFILIATES**
Consolidated Financial Statements and Supplementary Information
For the Years Ended June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Habitat for Humanity New York City and
Westchester County, Inc. and Affiliates

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Habitat for Humanity New York City and Westchester County, Inc. and Affiliates (Habitat NYC and Westchester), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Habitat NYC and Westchester and its subsidiaries as of June 30, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Habitat NYC and Westchester, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Habitat NYC and Westchester's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Habitat NYC and Westchester's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Habitat NYC and Westchester's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.



Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Mitchell Titus, LLP

December 21, 2023

**HABITAT FOR HUMANITY NEW YORK CITY AND
WESTCHESTER COUNTY, INC. AND AFFILIATES**

Consolidated Statements of Financial Position

As of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
<i>Current assets</i>		
Cash and cash equivalents - Note 4	\$ 2,512,805	\$ 3,865,268
Restricted cash	1,123,644	747,298
Accounts receivable, net	1,335,569	2,581,612
Contributions and grants receivable - Note 6	1,050,000	530,000
Mortgages receivable - Note 5	168,483	319,002
CDFI loans receivable, net - Note 7	103,618	180,501
Projects under development, net - Note 8	3,313,398	6,314,371
ReStore inventory	81,552	42,716
Prepaid expenses and other assets	315,670	350,293
Total current assets	<u>10,004,739</u>	<u>14,931,061</u>
<i>Non-current assets</i>		
Homeowners' escrow and reserve funds	122,954	3,736
Contributions receivable - Note 6	125,000	250,000
Mortgages receivable, net - Note 5	1,993,020	2,478,369
CDFI loans receivable, net - Note 7	1,631,832	722,178
Projects under development - Note 8	9,404,277	5,223,244
Property and equipment, net - Note 9	1,000,599	136,681
Security deposit	65,667	29,766
Right-of-use Operating Lease - Note 15	313,830	-
Total non-current assets	<u>14,657,179</u>	<u>8,843,974</u>
Total assets	<u><u>\$ 24,661,918</u></u>	<u><u>\$ 23,775,035</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

**HABITAT FOR HUMANITY NEW YORK CITY AND
WESTCHESTER COUNTY, INC. AND AFFILIATES**
Consolidated Statements of Financial Position (*continued*)
As of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
LIABILITIES AND NET ASSETS		
<i>Current liabilities</i>		
Accounts payable and accrued expenses	\$ 2,677,586	\$ 3,088,932
Loans payable-project related - Note 11	3,010,035	3,108,145
Loans payable-other - Note 11	429,567	1,174,507
Recoverable grant liability - Note 11	-	40,000
Deferred revenue - Note 10	748,320	2,460,556
Deferred rent - Note 15	-	3,791
Lines of credit - Note 11	2,000,000	1,000,000
Total current liabilities	<u>8,865,508</u>	<u>10,875,931</u>
<i>Non-current liabilities</i>		
Deferred rent - Note 15	-	8,379
Loans payable-project related - Note 11	5,125,758	1,688,941
Loans payable-other - Note 11	650,000	1,179,262
Deferred revenue - Note 10	1,036,473	612,330
Lease Liabilities - Note 15	324,608	-
Total non-current liabilities	<u>7,136,839</u>	<u>3,488,912</u>
Total liabilities	<u>16,002,347</u>	<u>14,364,843</u>
<i>Net assets</i>		
<i>Without donor restrictions</i>		
Board-designated - Note 12	200,000	200,000
Undesignated	7,688,555	7,758,988
<i>Non-controlling interest - Note 13</i>	<u>154,687</u>	<u>542,372</u>
Total without donor restrictions	8,043,242	8,501,360
<i>With donor restrictions - Note 13</i>	<u>616,329</u>	<u>908,832</u>
Total net assets	<u>8,659,571</u>	<u>9,410,192</u>
Total liabilities and net assets	<u>\$ 24,661,918</u>	<u>\$ 23,775,035</u>

The accompanying notes are an integral part of these consolidated financial statements.

**HABITAT FOR HUMANITY NEW YORK CITY AND
WESTCHESTER COUNTY, INC. AND AFFILIATES**

Consolidated Statement of Activities

For the Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
<i>Support</i>			
Contributions (including in-kind contributions of \$2,285,846 and contributed services of \$134,732)	\$ 5,308,660	\$ 400,900	\$ 5,709,560
Government support	500,000	-	500,000
Special events, net direct expenses	602,573	-	602,573
<i>Revenue</i>			
<i>Sale of housing units</i>			
Proceeds from sales	1,632,271	-	1,632,271
Government subsidies - Note 11	1,921,418	-	1,921,418
ReStore sales	733,403	-	733,403
Investment return and interest income	69,693	-	69,693
Mortgage discount amortization	297,718	-	297,718
Other income	1,330,918	-	1,330,918
Subtotal support and revenue	12,396,654	400,900	12,797,554
Net assets released from restrictions - Note 13	693,403	(693,403)	-
Total support and revenue	13,090,057	(292,503)	12,797,554
EXPENSES			
<i>Program services</i>			
Cost of housing units sold - Note 8	3,264,106	-	3,264,106
Other program services	5,887,459	-	5,887,459
Total program services	9,151,565	-	9,151,565
<i>Supporting services</i>			
Management and general	2,560,189	-	2,560,189
Fundraising	1,836,421	-	1,836,421
Total supporting services	4,396,610	-	4,396,610
Total expenses	13,548,175	-	13,548,175
Change in net assets	(458,118)	(292,503)	(750,621)
Net assets, at beginning of year	8,501,360	908,832	9,410,192
Net assets, at end of year	<u>\$ 8,043,242</u>	<u>\$ 616,329</u>	<u>\$ 8,659,571</u>

The accompanying notes are an integral part of these consolidated financial statements.

**HABITAT FOR HUMANITY NEW YORK CITY AND
WESTCHESTER COUNTY, INC. AND AFFILIATES**
Consolidated Statement of Activities (*continued*)
For the Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
<i>Support</i>			
Contributions (including in-kind contributions of \$739,148 and contributed services of \$286,030)	\$ 4,050,398	\$ 835,600	\$ 4,885,998
Government support	225,000	-	225,000
Special events, net direct expenses	837,564	-	837,564
<i>Revenue</i>			
<i>Sale of housing units</i>			
Proceeds from sales	6,478,568	-	6,478,568
Government subsidies - Note 11	8,540,410	-	8,540,410
ReStore sales	702,976	-	702,976
Investment return and interest income	45,928	-	45,928
Mortgage discount amortization	306,972	-	306,972
Other income	646,804	-	646,804
Subtotal support and revenue	21,834,620	835,600	22,670,220
Net assets released from restrictions - Note 13	455,604	(455,604)	-
Total support and revenue	22,290,224	379,996	22,670,220
EXPENSES			
<i>Program services</i>			
Cost of housing units sold - Note 8	14,797,598	-	14,797,598
Other program services	5,162,455	-	5,162,455
Total program services	19,960,053	-	19,960,053
<i>Supporting services</i>			
Management and general	2,400,214	-	2,400,214
Fundraising	1,763,269	-	1,763,269
Total supporting services	4,163,483	-	4,163,483
Total expenses	24,123,536	-	24,123,536
Change in net assets	(1,833,312)	379,996	(1,453,316)
Net assets, at beginning of year	10,334,672	528,836	10,863,508
Net assets, at end of year	<u>\$ 8,501,360</u>	<u>\$ 908,832</u>	<u>\$ 9,410,192</u>

The accompanying notes are an integral part of these consolidated financial statements.

**HABITAT FOR HUMANITY NEW YORK CITY AND
WESTCHESTER COUNTY, INC. AND AFFILIATES**
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
<i>Cost of housing units sold</i>				
Projects under development - Note 8	\$ 3,264,106	\$ -	\$ -	\$ 3,264,106
<i>Personnel expenses</i>				
Salaries and wages	2,196,341	1,187,552	762,052	4,145,945
Payroll taxes and fringe benefits - Note 14	555,856	271,159	167,177	994,192
Total personnel costs	2,752,197	1,458,711	929,229	5,140,137
<i>Other expenses</i>				
Professional fees	167,061	402,938	40,359	610,358
Occupancy costs - Note 15	854,097	46,557	15,805	916,459
Insurance	223,942	70,597	1,138	295,677
Office expenses	93,269	19,198	30,657	143,124
Computer maintenance and software	137,283	35,633	81,984	254,900
Advertising	16,069	65,145	-	81,214
Staff training and education	11,988	1,935	2,957	16,880
Home owner education, credit reports	148	-	-	148
Postage	2,017	618	801	3,436
Common charges	24,076	3,505	1,658	29,239
Printing and duplicating	2,795	24,765	-	27,560
Fundraising and other events	2,568	438	151,387	154,393
Repairs and maintenance	497,591	10,085	-	507,676
Telephone	50,286	9,450	10,438	70,174
Travel and meetings	38,887	15,397	4,062	58,346
Direct mail and newsletters - printing, supplies, postage and delivery	-	4,314	438,631	442,945
Tithe	70,580	-	-	70,580
Depreciation and amortization - Note 9	19,871	23,762	-	43,633
HFHI fees	-	25,000	-	25,000
ReStore cost of sales	733,403	-	-	733,403
ReStore sales tax	55,259	-	-	55,259
Interest expense and financing fees	-	184,932	-	184,932
Bad debt	-	155,817	-	155,817
Projects under development reserve - Note 8	8,339	-	-	8,339
Loan-loss reserve - Note 7	43,830	-	-	43,830
Warranty reserve	72,742	-	-	72,742
Miscellaneous	9,161	1,392	127,315	137,868
Total other expenses	3,135,262	1,101,478	907,192	5,143,932
	<u>\$ 9,151,565</u>	<u>\$ 2,560,189</u>	<u>\$ 1,836,421</u>	<u>\$ 13,548,175</u>

The accompanying notes are an integral part of these consolidated financial statements.

**HABITAT FOR HUMANITY NEW YORK CITY AND
WESTCHESTER COUNTY, INC. AND AFFILIATES**
Consolidated Statement of Functional Expenses (*continued*)
For the Year Ended June 30, 2022

	Program Services	Supporting Services Management and General	Fundraising	Total
<i>Cost of housing units sold</i>				
Projects under development - Note 8	\$ 14,797,598	\$ -	\$ -	\$ 14,797,598
<i>Personnel expenses</i>				
Salaries and wages	2,038,922	925,973	752,473	3,717,368
Payroll taxes and fringe benefits - Note 14	546,014	204,884	146,247	897,145
Total personnel costs	2,584,936	1,130,857	898,720	4,614,513
<i>Other expenses</i>				
Professional fees	123,758	395,618	1,144	520,520
Occupancy costs - Note 15	225,751	126,995	45,837	398,583
Insurance	172,512	43,167	1,519	217,198
Office expenses	118,216	24,288	32,260	174,764
Computer maintenance and software	46,665	129,552	75,717	251,934
Advertising	6,456	157,278	68	163,802
Staff training and education	13,454	9,724	7,875	31,053
Home owner education, credit reports	11,316	-	-	11,316
Postage	3,135	5,683	2,191	11,009
Common charges	4,760	12,356	4,196	21,312
Printing and duplicating	687	26,099	118	26,904
Fundraising and other events	10,125	21,306	98,856	130,287
Repairs and maintenance	322,234	3,210	-	325,444
Telephone	48,345	27,225	13,235	88,805
Travel and meetings	33,750	20,509	2,954	57,213
Direct mail and newsletters - printing, supplies, postage and delivery	-	-	400,077	400,077
Tithe	75,000	-	-	75,000
Depreciation and amortization - Note 9	19,871	82,367	-	102,238
Loan discount amortization	2,595	-	-	2,595
HFHI fees	-	25,000	-	25,000
ReStore cost of sales	702,976	-	-	702,976
ReStore sales tax	51,792	-	-	51,792
Interest expense and financing fees	18,778	146,391	-	165,169
Bad debt	-	11,200	-	11,200
Projects under development reserve - Note 8	168,223	-	-	168,223
Loan-loss reserve - Note 7	26,086	-	-	26,086
Warranty reserve	361,846	-	-	361,846
Miscellaneous	9,188	1,389	178,502	189,079
Total other expenses	2,577,519	1,269,357	864,549	4,711,425
	<u>\$ 19,960,053</u>	<u>\$ 2,400,214</u>	<u>\$ 1,763,269</u>	<u>\$ 24,123,536</u>

The accompanying notes are an integral part of these consolidated financial statements.

**HABITAT FOR HUMANITY NEW YORK CITY AND
WESTCHESTER COUNTY, INC. AND AFFILIATES**

Consolidated Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FROM OPERATING ACTIVITIES		
Change in net assets	\$ (750,621)	\$ (1,453,316)
<i>Adjustments to reconcile change in net assets to net cash (used in) provided by operations</i>		
Depreciation and amortization	43,633	102,238
Realized losses on investments	122	39
Mortgage discount amortization	(297,718)	(306,972)
Projects under development reserve	8,339	168,223
Loan discount amortization	-	2,595
Bad debt expense	155,817	-
Warranty reserve	72,742	361,846
Loan loss reserve	43,830	26,086
<i>Changes in operating assets and liabilities</i>		
Accounts receivable	746,043	(169,358)
Contributions receivable	90,000	(704,550)
Prepaid expenses and other assets	34,623	(183,783)
Family members' savings plan contributions, homeowners' escrow and reserve funds	(119,218)	26,875
Projects under development	(1,188,399)	11,152,362
ReStore inventory	(38,836)	(26,896)
Security deposit	(35,901)	-
Accounts payable and accrued expenses	(484,088)	160,035
Deferred revenue	(1,288,093)	1,121,651
Deferred rent	(1,392)	(29,336)
Net cash (used in) provided by operating activities	<u>(3,009,117)</u>	<u>10,247,739</u>
CASH FROM INVESTING ACTIVITIES		
Purchases of vehicles and equipment	(18,976)	(47,043)
Purchases of construction in progress	(8,575)	(30,690)
Donation of construction in progress	(880,000)	-
Collections on mortgages receivable	839,695	659,525
Collections on CDFI loans	195,472	278,280
CDFI loans issued	(1,118,999)	(549,999)
Sale of investments	11,837	14,848
Donation of investments	(11,959)	(14,887)
Net cash (used in) provided by investing activities	<u>(991,505)</u>	<u>310,034</u>

The accompanying notes are an integral part of these consolidated financial statements.

**HABITAT FOR HUMANITY NEW YORK CITY AND
WESTCHESTER COUNTY, INC. AND AFFILIATES**
Consolidated Statements of Cash Flows *(continued)*
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FROM FINANCING ACTIVITIES		
Repayments of recoverable grant	\$ (40,000)	\$ (40,000)
Borrowings (repayments) under line of credit	1,000,000	(2,500,000)
Net borrowings (repayments) under construction loans	2,164,200	(8,569,199)
Net (repayments) borrowings under other loans	<u>(99,695)</u>	<u>558,942</u>
Net cash provided by (used in) financing activities	<u>3,024,505</u>	<u>(10,550,257)</u>
Net (decrease) increase in cash, restricted cash and cash equivalents	(976,117)	7,516
Cash, restricted cash and cash equivalents, beginning of year	<u>4,612,566</u>	<u>4,605,050</u>
Cash, restricted cash and cash equivalents, end of year	<u>\$ 3,636,449</u>	<u>\$ 4,612,566</u>
<i>Cash at end of year consisted of</i>		
Unrestricted cash and cash equivalents	\$ 2,512,805	\$ 3,865,268
Restricted cash	<u>1,123,644</u>	<u>747,298</u>
Total	<u>\$ 3,636,449</u>	<u>\$ 4,612,566</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest charged to projects under development	<u>\$ 243,347</u>	<u>\$ 217,837</u>
Interest charged on line of credit	<u>\$ 116,153</u>	<u>\$ 102,151</u>

The accompanying notes are an integral part of these consolidated financial statements.

HABITAT FOR HUMANITY NEW YORK CITY AND WESTCHESTER COUNTY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

Years Ended June 30, 2023 and 2022

NOTE 1 ORGANIZATION

Habitat for Humanity New York City and Westchester County, Inc. (Habitat NYC and Westchester) transforms lives and communities by building quality homes for families in need and uniting all New Yorkers around the cause of affordable housing. Habitat NYC and Westchester's work includes the new construction of multi-family homes, rehabilitation of single- and multi-family homes, and community improvement projects, including painting and rehabilitating community and senior centers. Habitat NYC and Westchester also advocates for housing policies that benefit low-income people. Generally, each housing project is undertaken under a separate entity organized under the New York State Private Housing Finance Law and New York State Not-for-Profit Corporation Law, with Habitat NYC and Westchester being the sole member. Habitat NYC and Westchester's housing projects are undertaken by the following entities:

- Habitat for Humanity Housing Development Fund Company (Habitat HDFC)
- Hart Lafayette Housing Development Fund Corporation (Hart-Lafayette)
- Habitat for Humanity St. John's Housing Development Fund Corporation (St. John's)
- Habitat for Humanity Bed-Stuy Homes HDFC (Bed-Stuy I)
- Habitat for Humanity Bed-Stuy Homes II HDFC (Bed-Stuy II)
- Habitat for Humanity Bed-Stuy Homes III HDFC (Bed-Stuy III)
- Habitat for Humanity Bed-Stuy Homes IV HDFC (Bed-Stuy IV)
- Habitat for Humanity Bed-Stuy Homes V HDFC (Bed-Stuy V)
- Habitat for Humanity Bed-Stuy Homes VI HDFC (Bed-Stuy VI)
- Habitat for Humanity Dean Street Housing Development Fund Corporation (Dean Street)
- Habitat for Humanity Latent Thomas Boyland Street Housing Development Fund Corporation (Latent)
- Habitat for Humanity Almat Tilden Street Housing Development Fund Corporation (Almat Tilden HDFC)
- Habitat for Humanity Queens Phase II Housing Development Fund Corporation (Queens Phase II)
- Ralph Avenue I Housing Development Fund Corporation (Ralph Avenue I)
- HFH NYC GC LLC
- Habitat for Humanity Compliance LLC
- Habitat Latent LLC (Latent LLC)
- Habitat Tilden Street LLC (Tilden Street LLC)
- Habitat for Humanity NYC Fund Inc. (the Fund)
- 839 Tilden Street Housing Development Fund Corporation (839 Tilden Street)
- Habitat Net Zero LLC (Net Zero LLC)
- Habitat Net Zero Homes Housing Development Fund Corporation (Habitat Net Zero Homes HDFC)
- Habitat Passive Housing Development Fund Corporation
- Stevenson Homeownership Housing Development Fund Corporation
- Habitat Mosaic Brooklyn LLC
- New York City Habitat for Humanity, Inc. (New York City Habitat)
- Westchester County Habitat for Humanity, Inc. (Westchester County Habitat)
- Habitat Mosaic Housing Development Fund Corporation
- NYC Habitat Morningside LLC
- 1703 Vyse LLC

**HABITAT FOR HUMANITY NEW YORK CITY AND
WESTCHESTER COUNTY, INC. AND AFFILIATES**

Notes to Consolidated Financial Statements

Years Ended June 30, 2023 and 2022

NOTE 1 ORGANIZATION *(continued)*

Habitat NYC and Westchester, New York City Habitat, Westchester County Habitat, Habitat HDFC, and the Fund are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and have been classified as publicly supported organizations as described in Code Sections 509(a)(1) and 170(b)(a)(vi). Further, Hart-Lafayette, Bed-Stuy I, Bed-Stuy II, Bed-Stuy III, Bed-Stuy IV, Bed-Stuy V, Bed-Stuy VI, St. John's, Queens Phase II, Latent, Almat Tilden, Ralph Avenue I, 839 Tilden Street, and Dean Street are exempt from federal income taxes under Section 501(c)(4) of the Code.

HFH NYC GC LLC is a domestic single-member limited liability company (SMLLC) set up in the state of New York to act as a general contractor on some Habitat NYC and Westchester construction projects. Latent LLC and Tilden Street LLC are for-profit entities set up to sell units from the SEED and Sydney projects, respectively.

On January 19, 2016, Habitat NYC and Westchester formed Tilden Street LLC for the purpose of constructing and selling 57 affordable housing units for the Sydney House project. On May 11, 2016, Habitat NYC and Westchester and Almat Group LLC executed an Operating Agreement for Tilden Street LLC, which provides Habitat NYC and Westchester with a 51% ownership interest and Almat Group LLC with a 49% ownership interest. On May 12, 2016, Habitat for Almat Tilden HDFC acquired title for the land and improvements for the Sydney House project and executed a Nominee Agreement with Tilden Street LLC that provides Tilden Street LLC with the authority to make decisions on behalf of Almat Tilden HDFC. Additionally, on the same date, Habitat NYC and Westchester originated a Sponsor Mortgage and Note in the amount of \$1,969,000 for which Tilden Street LLC and Almat Tilden HDFC were collectively the mortgagor. The Sponsor Mortgage and Note were repaid on November 22, 2016.

On April 1, 2015, Habitat NYC and Westchester and Latent Productions LLC executed a Joint Venture Agreement (JVA) for the purposes of constructing and selling 25 units of affordable housing for the SEED project. The JVA provides Habitat NYC and Westchester with a 65% ownership interest and Latent Productions LLC with a 35% ownership interest in a special-purpose entity formed for the project.

On March 22, 2016, Habitat Passive Housing Development Fund Corporation was formed to acquire title for the land and improvements for the Glenmore-Jersey project upon Construction Closing. A Nominee Agreement will be executed between New Lots LLC and Passive HDFC, providing New Lots LLC authority to make decisions on behalf of Habitat Passive HDFC.

**HABITAT FOR HUMANITY NEW YORK CITY AND
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Notes to Consolidated Financial Statements

Years Ended June 30, 2023 and 2022

NOTE 1 ORGANIZATION *(continued)*

On February 12, 2018, Habitat NYC and Westchester formed 839 Tilden Street Housing Development Fund Corporation for the purpose of setting up the entity as a cooperative. Permanent conversion of the Sydney House project was completed on March 4, 2021 and the property was deeded to this entity; a cooperative owner issuing shares to eligible buyers.

Habitat NYC and Westchester contributes to HFHI's tithing and stewardship programs. Tithe contributions amounted to approximately \$70,000 and \$75,000 in fiscal years 2023 and 2022, respectively, while stewardship contributions amounted to \$25,000 in each of fiscal years 2023 and 2022.

On February 9, 2017, Habitat NYC and Westchester formed Habitat for Humanity NYC Fund, Inc. (the Fund) for the purpose of promoting community development and homeownership and to expand the availability of affordable housing by providing financing and technical assistance and other educational and development services. The Fund received Community Development Financial Institution (CDFI) designation from the U.S. Department of the Treasury.

On December 3, 2018, Habitat NYC and Westchester formed Habitat Net Zero LLC for the purpose of constructing and selling 16 affordable single-family homes for the Net Zero project. Habitat NYC and Westchester is the sole member and sponsor of this entity.

On February 7, 2019, Habitat Net Zero Homes HDFC was formed to acquire title for the land and improvements for the Net Zero project upon Construction Closing. A Nominee Agreement will be executed between Net Zero LLC and Habitat Net Zero Homes HDFC providing Net Zero LLC authority to make decisions on behalf of Habitat Net Zero Homes HDFC.

On September 19, 2020, Habitat NYC and Westchester was awarded by Habitat for Humanity International the geographic service area of Westchester County. This gives Habitat NYC and Westchester the opportunity to expand its footprint to now include Westchester County as part of Habitat NYC and Westchester.

On September 21, 2020, Habitat NYC and Westchester formed Stevenson Homeownership Housing Development Fund Corporation for the purpose of constructing and selling 58 affordable co-operative units for the Stevenson Commons project. This project is led by Camber Property Group. Habitat NYC and Westchester is the sole member and sponsor of this entity.

On May 19, 2021, Habitat NYC and Westchester formed Habitat Mosaic Brooklyn LLC for the purpose of constructing and selling 42 affordable housing units for the Mosaic project. Habitat NYC and Westchester is the sole member and sponsor of this entity.

On June 25, 2021, New York City Habitat for Humanity, Inc. was formed to work with low-income people, primarily in New York City and surrounding areas, to help them create a better human habitat in which to live and work.

HABITAT FOR HUMANITY NEW YORK CITY AND WESTCHESTER COUNTY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

Years Ended June 30, 2023 and 2022

NOTE 1 ORGANIZATION *(continued)*

On June 25, 2021, Westchester County Habitat for Humanity, Inc. was formed to work with low-income people, primarily in Westchester County, New York, and surrounding areas, to help them create a better human habitat in which to live and work.

On August 10, 2021, Habitat Mosaic Housing Development Fund Corporation was formed to acquire title for the land and improvements for the Mosaic project upon Construction Closing.

On October 4, 2022, NYC Habitat Morningside LLC was formed as a single-purpose entity to enter into a joint venture as a 40% common membership interest of the sponsor entity related to the construction of Genesis ANCP Morningside LLC, a non-related entity. New York City Habitat is the sole member of NYC Habitat Morningside LLC.

On March 17, 2023, 1703 Vyse LLC was formed to acquire, finance, own, rehabilitate, construct, maintain, improve, operate, develop, manage, and sell the premises located at 1703 Vyse Avenue in the Bronx. New York City Habitat is the sole member of 1703 Vyse LLC.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying consolidated financial statements consist of the accounts of Habitat for Humanity New York City and Westchester County, Inc. and Affiliates (collectively, Habitat NYC and Westchester), and have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). All intercompany account balances and transactions have been eliminated, except for those involving non-controlling interest.

Use of Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

**HABITAT FOR HUMANITY NEW YORK CITY AND
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Notes to Consolidated Financial Statements

Years Ended June 30, 2023 and 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Net Asset Classifications

Habitat NYC and Westchester's net assets have been presented and classified as without donor restrictions and with donor restrictions based on the existence or absence of donor-imposed restrictions. Habitat NYC and Westchester does not have endowment net assets.

Without donor restrictions—Resources that are not subject to donor restrictions. These amounts may be designated by the Board of Directors (the Board), or management at the Board's direction, to cover any purposes determined by Habitat NYC and Westchester.

With donor restrictions—Funds that Habitat NYC and Westchester may use in accordance with donors' restrictions for specific purposes or upon the passage of time (see Note 13).

Non-controlling interest—The equity in Latent LLC and Tilden Street LLC not attributable, directly or indirectly, to Habitat NYC and Westchester (see Note 13).

As Controlling and Managing Member of the partnerships with Almat Group LLC and Latent Productions LLC (the Partners), Habitat NYC and Westchester consolidates the partnerships into its financial statements. The non-controlling interest portion of net assets reflects the amount due to the Partners at the end of the life of the project.

Revenue Recognition

Contributions—All unconditional contributions are recorded at fair value as revenue when received.

The fair value of long-term contributions receivable is measured based on the present value of future cash flows, with consideration given to the expected possible variations in the amount and/or timing of the cash flows and other specific factors that would be considered by market participants. Fair value measurements also consider donors' credit risk.

All contributions are considered available for general use unless restricted specifically by the donor. Habitat NYC and Westchester records contributions as net assets with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time. When donor restrictions expire (*i.e.*, when a time or purpose restriction is fulfilled), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statement of activities as net assets released from restrictions.

**HABITAT FOR HUMANITY NEW YORK CITY AND
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Notes to Consolidated Financial Statements

Years Ended June 30, 2023 and 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue Recognition *(continued)*

Government subsidies—Certain housing projects of Habitat NYC and Westchester receive government subsidies and capital project funds awarded by the State of New York and City of New York or for the sale of property received from the State of New York or its agencies (the State) and the City of New York or its agencies (the City) at substantially below fair value. Agencies of the State include the New York State Affordable Housing Corporation (AHC). Agencies of the City include the New York City Department of Housing Preservation and Development (HPD). Generally, the ability to utilize these subsidies is subject to the requirement that housing units are sold only to qualified purchasers, primarily families that do not exceed household income levels prescribed under the terms of the government subsidies.

Contributed Services

All of Habitat NYC and Westchester's Board members have volunteered their time to serve on the Board of Directors. There are partner families (prospective qualified purchasers) and other volunteers who have donated significant time to Habitat NYC and Westchester in project construction and its related programs. The value of this contributed time is not reflected in these consolidated financial statements since these services do not meet the following criteria for recognition under U.S. GAAP: (a) create or enhance nonfinancial assets or (b) require specialized skills provided by individuals possessing those skills, and (c) would typically need to be purchased if they were not provided by donation.

Functional Allocation of Expenses

Costs that are specifically identifiable to programs and supporting services (to fundraising or to management and general) are charged directly to such functions. Costs incurred for both programs and supporting services are allocated based on certain factors deemed reasonable by management.

Cash and Cash Equivalents

Habitat NYC and Westchester considers money market investments and certificates of deposits with a maturity of three months or less on the date of acquisition to be cash equivalents.

Habitat NYC and Westchester maintains its cash in bank deposit accounts that may exceed federally insured limits. Habitat NYC and Westchester has not experienced any losses in such accounts. As of June 30, 2023, approximately 96% of unrestricted and restricted cash was held by one financial institution.

Restricted cash consists primarily of funds set aside by Habitat NYC and Westchester for projects under development and deposits required under the terms of various project funding agreements.

**HABITAT FOR HUMANITY NEW YORK CITY AND
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Notes to Consolidated Financial Statements

Years Ended June 30, 2023 and 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Allowance for Doubtful Accounts

Habitat NYC and Westchester evaluates the collectability of accounts receivable and contributions receivable and provides an allowance for any losses based on collection history and other factors determined by management. Write-offs are charged against the allowance. There was no allowance for uncollectible accounts on accounts and contributions receivable as of June 30, 2023 and 2022, as all accounts and contributions receivable were determined to be fully collectible.

Loan-Loss Reserve

Habitat NYC and Westchester establishes a loan-loss reserve of 5% related to the Fund's loan receivable balance.

Mortgages Receivable

Mortgages receivable do not bear interest and are reported at present value, using a discount rate of 8%.

Management considers a loan to be delinquent or past due if a borrower fails to make a contractually scheduled principal payment that is over 120 days past due. Habitat NYC and Westchester's management periodically reviews mortgage balances to determine whether an allowance for bad debt should be established for any amounts determined to be unrecoverable. Factors considered by management include principal collections experience, collateral value, borrowers' financial conditions, and other factors.

Habitat NYC and Westchester considers a loan to be impaired when it is "probable" that repayment obligations due according to the contractual terms will not be met. The term "probable" is used consistently within Accounting Standards Codification (ASC) 450, *Contingencies*. In this instance, the mortgage carrying value is written down by management, if deemed necessary, based on their review of the collateral and other considerations. The receivables are collateralized by mortgage liens on the underlying housing units.

ReStore Inventory

The ReStore is set up to receive donated construction materials, home furnishings, tools, and similar items. Habitat NYC and Westchester stores and sells these goods to the public at discount prices, which generates income for its programs and makes discounted material available for the public. These contributions amounted to \$772,239 and \$729,872 for the years ended June 30, 2023 and 2022, respectively, and are recorded upon receipt at their estimated realizable value as in-kind contributions in the accompanying consolidated statements of activities.

**HABITAT FOR HUMANITY NEW YORK CITY AND
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Notes to Consolidated Financial Statements

Years Ended June 30, 2023 and 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Projects Under Development

Projects under development are recorded at the lower of cost or net realizable value. Project costs include expenditures to acquire properties or, if purchased at below fair value, the fair value at the time of receipt, environmental reviews, and other activities to prepare the properties for construction, project construction costs, and interest and fees incurred to finance the projects.

The total cost of development is funded by proceeds from the sale of the housing units, government subsidies for the housing project, and project-restricted private contributions. Projects under development reserves are recognized as program expense and amounted to \$8,339 and \$168,223 for the years ended June 30, 2023 and 2022, respectively.

Property and Equipment

Property and equipment are carried at cost or, if donated, at fair value at the time of receipt. Property and equipment other than leasehold improvements are depreciated on the straight-line basis over the respective estimated useful lives of the assets, which range from three to five years. Leasehold improvements are amortized over the term of the related lease or the estimated useful life of the improvements, whichever is shorter.

Rent Expense

Rent expense is recorded on the straight-line basis over the term of the lease. The difference between rental payments made under the leases and rent expense calculated on the straight-line basis is recorded as prepaid rent or deferred rent liability.

Income Taxes

As described in Note 1, Habitat NYC and Westchester, New York City Habitat, Westchester County Habitat, Habitat HDFC, and the Fund are exempt from federal income taxes. They are also exempt from state income taxes. HFH NYC GC LLC is filed as part of Habitat NYC and Westchester's tax returns as a disregarded entity. Tilden Street LLC and Latent LLC are pass-through entities and Habitat NYC and Westchester is not expected to pay taxes from sales proceeds. All other entities that comprise Habitat NYC and Westchester were established to be tax-exempt organizations under Code Sections 501(c)(3) and 501(c)(4).

Management evaluated Habitat NYC and Westchester's tax positions and concluded that, as of June 30, 2023, there were no uncertain tax positions taken or expected to be taken. Accordingly, no interest or penalties related to uncertain tax positions have been accrued in the accompanying consolidated financial statements.

**HABITAT FOR HUMANITY NEW YORK CITY AND
WESTCHESTER COUNTY, INC. AND AFFILIATES**

Notes to Consolidated Financial Statements

Years Ended June 30, 2023 and 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income Taxes *(continued)*

Habitat NYC and Westchester is subject to audits by taxing jurisdictions; however, no audits for any tax periods are currently in progress. Management believes that Habitat NYC and Westchester is no longer subject to income tax examinations by federal, state, or local tax authorities for years ended on or prior to June 30, 2019.

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract (*i.e.*, lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. Habitat NYC and Westchester adopted this ASU effective June 30, 2023. See Note 15 for further details of this adoption.

In July 2018, the FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases*, which makes narrow-scope improvements to the standard for specific issues. Habitat NYC and Westchester adopted this ASU effective June 30, 2023.

In July 2018, the FASB also issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*. ASU 2018-11 provides lessors with a practical expedient, in certain circumstances, to not separate non-lease components from the associated lease component, similar to the expedient provided for lessees. Habitat NYC and Westchester adopted this ASU effective June 30, 2023.

Reclassification

Certain line items in the June 30, 2022, consolidated financial statements have been reclassified to conform to the June 30, 2023, presentation.

**HABITAT FOR HUMANITY NEW YORK CITY AND
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Notes to Consolidated Financial Statements

Years Ended June 30, 2023 and 2022

**NOTE 3 LIQUIDITY AND AVAILABILITY OF RESOURCES FOR GENERAL
EXPENDITURES**

Habitat NYC and Westchester receives contributions and promises to give that are restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. Habitat NYC and Westchester manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. Habitat NYC and Westchester maintains current financial assets, less current liabilities at a minimum of 30 days operating expenses. Habitat NYC and Westchester targets a year-end balance of reserves of undesignated net assets without donor restrictions to meet 15 to 30 days of expected expenditures. To achieve these targets, Habitat NYC and Westchester forecasts future cash flows and monitors its liquidity quarterly, and its reserves annually. During the year ended June 30, 2023, the level of liquidity and reserves was managed within the policy requirements.

Financial assets held by Habitat NYC and Westchester and the amounts of those financial assets that could readily be made available over the next 12 months to meet general expenditures are as follows:

	<u>2023</u>	<u>2022</u>
Total financial assets	\$ 8,920,326	\$ 10,926,930
<i>Long-term financial assets</i>		
Receivables not due within the next 12 months	<u>(3,749,852)</u>	<u>(3,450,547)</u>
Net financial assets after donor-imposed restrictions	5,170,474	7,476,383
Net assets without donor restrictions: Board-designated funds*	(200,000)	(200,000)
Net assets with donor restrictions not due within the next 12 months	<u>(248,129)</u>	<u>(287,408)</u>
Financial assets available to meet cash needs for general expenditures over the next 12 months	<u><u>\$ 4,722,345</u></u>	<u><u>\$ 6,988,975</u></u>

*The Board-designated funds can be undesignated if needed to cover general expenditures.

**HABITAT FOR HUMANITY NEW YORK CITY AND
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Notes to Consolidated Financial Statements

Years Ended June 30, 2023 and 2022

NOTE 4 FAIR VALUE MEASUREMENTS

Habitat NYC and Westchester accounts for fair value measurements under the accounting standard that establishes a hierarchy for the inputs used to measure fair value based on the nature of the data input, which generally range from quoted prices for identical instruments in a principal trading market (Level 1) to estimates determined using related market data (Level 3). Multiple inputs may be used to measure fair value.

Level 1: Measurements that are most observable are based on quoted prices of identical instruments obtained from principal markets in which they are traded. Closing prices are both readily available and representative of fair value. Market transactions occur with sufficient frequency and volume to ensure liquidity.

Level 2: Measurements that are derived indirectly from observable inputs or from quoted prices from markets that are less liquid. Measurements may consider inputs that other market participants would use in valuing a portfolio, quoted market prices for similar securities, interest rates, credit risks and others.

Level 3: Measurements that are least observable are estimated from related market data, determined from sources with little or no market activity for comparable contracts, or are positions with longer durations.

The following tables provide the fair value hierarchy of Habitat NYC and Westchester's investments at June 30, 2023 and 2022. There are no other assets or liabilities that are required to be measured at fair value.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<i>June 30, 2023</i>				
Interest-bearing cash and cash equivalents	\$ 247,574	\$ -	\$ -	\$ 247,574
Total	<u>\$ 247,574</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 247,574</u>
<i>June 30, 2022</i>				
Interest-bearing cash and cash equivalents	\$ 290,932	\$ -	\$ -	\$ 290,932
Total	<u>\$ 290,932</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 290,932</u>

The investment return in the consolidated statements of activities consisted of interest income from the CDFI loans (see Note 7) and a realized loss on investments of (\$122) and (\$39) during fiscal years 2023 and 2022, respectively.

HABITAT FOR HUMANITY NEW YORK CITY AND WESTCHESTER COUNTY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

Years Ended June 30, 2023 and 2022

NOTE 5 MORTGAGES RECEIVABLE

Prior to 2008, Habitat NYC and Westchester originated interest-free mortgages to finance the sale of housing units to qualified purchasers. Discounted at an annual rate of 8%, mortgage receivables at June 30, 2023 and 2022, consisted of the following:

	June 30, 2023							
	Past Due					Not Yet Due		
	1-30 days	31-60 days	61-90 days	91-120 days	Over 120 days	Current Portion	Noncurrent Portion	Total
Face amount	\$ 6,801	\$ 5,511	\$ 4,953	\$ 4,511	\$ 38,360	\$ 353,399	\$ 2,762,698	\$ 3,176,233
Unamortized discount	-	-	-	-	-	(245,052)	(769,678)	(1,014,730)
Net present value of mortgage receivable	\$ 6,801	\$ 5,511	\$ 4,953	\$ 4,511	\$ 38,360	\$ 108,347	\$ 1,993,020	\$ 2,161,503
	June 30, 2022							
	Past Due					Not Yet Due		
	1-30 days	31-60 days	61-90 days	91-120 days	Over 120 days	Current Portion	Noncurrent Portion	Total
Face amount	\$ 20,179	\$ 10,085	\$ 9,178	\$ 8,403	\$ 133,738	\$ 391,896	\$ 3,572,303	\$ 4,145,782
Unamortized discount	-	-	-	-	-	(254,477)	(1,093,934)	(1,348,411)
Net present value of mortgage receivable	\$ 20,179	\$ 10,085	\$ 9,178	\$ 8,403	\$ 133,738	\$ 137,419	\$ 2,478,369	\$ 2,797,371

Commencing in 2008, Habitat NYC and Westchester discontinued financing sales as its primary method of providing homeowners' financing and partnered with the State of New York Mortgage Agency (SONYMA) such that banks originate mortgage loans to qualified purchasers. The mortgages are then purchased by SONYMA. However, on a limited basis, Habitat NYC and Westchester has provided financing sales for homes when SONYMA mortgages were not feasible.

The housing units were sold to the Family Partners at below-market values and, therefore, the estimated realized value of the housing units that secure delinquent mortgages generally exceed the delinquent mortgages receivable. The value of the mortgages receivable with amounts over 120 days past due totaled approximately \$285,500 and \$620,000 at June 30, 2023 and 2022, respectively (net of unamortized discount of approximately \$67,000 and \$154,000 at June 30, 2023 and 2022, respectively), and averaged approximately \$452,750 and \$667,500 at June 30, 2023 and 2022, respectively (net of unamortized discount of approximately \$110,500 and \$171,500 at June 30, 2023 and 2022, respectively). There is no interest accrued on overdue amounts as these mortgages are non-interest bearing. During the year ended June 30, 2023, Habitat NYC and Westchester wrote off approximately \$129,000 of mortgages receivable deemed uncollectible.

**HABITAT FOR HUMANITY NEW YORK CITY AND
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Notes to Consolidated Financial Statements

Years Ended June 30, 2023 and 2022

NOTE 6 CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable at June 30, 2023 and 2022, are due to be collected in one year or less and amounted to \$1,050,000 and \$530,000, respectively.

Contributions receivable due more than one year after inception are recorded at fair value using present value techniques at a rate of 5%. As of June 30, 2023 and 2022, contributions receivable due in more than one year amounted to \$125,000 and \$250,000, respectively.

NOTE 7 CDFI LOANS RECEIVABLE

As of June 30, 2023 and 2022, the Fund's loans receivable consists of thirteen and seven loans, respectively, to third parties, with an outstanding balance, net of loan-loss reserve, of \$1,735,450 and \$902,679, respectively. The Fund established a 5% loan-loss reserve on the outstanding loan balance, amounting to \$104,497 and \$60,667 for the years ended June 30, 2023 and 2022, respectively. During the year ended June 30, 2023, the Fund wrote off approximately \$47,000 of loans receivable deemed uncollectible. The CDFI loans earned interest income of \$69,815 and 45,967 during fiscal years 2023 and 2022, respectively.

NOTE 8 PROJECTS UNDER DEVELOPMENT

The activity in projects under development during the years ended June 30, 2023 and 2022, consisted of:

Project	Balance at July 1, 2022	Fiscal Year 2023 Activity		Balance at June 30, 2023
		Additions	Sales and Adjustments	
Constellation	\$ 308,163	\$ 1,000	\$ -	\$ 309,163
Net Zero	3,035,417	3,742,381	-	6,777,798
Mosaic	1,421,849	307,165	-	1,729,014
Queens Phase II	1,652,509	91,371	-	1,743,880
Sydney	430,200	75,585	(505,785)	-
SEED	4,301,616	229,257	(2,492,239)	2,038,634
Dean Street	510,841	29,833	(540,674)	-
Haven Green	449,329	96,216	-	545,545
Claremont House	8,486	34,271	-	42,757
Total	12,118,410	4,607,079	(3,538,698)	13,186,791
Projects under development - Dean Street reserve	(120,018)	-	120,018	-
Projects under development - Queens Phase II reserve	(460,777)	(8,339)	-	(469,116)
Net	\$ 11,537,615	\$ 4,598,740	\$ (3,418,680)	\$ 12,717,675

**HABITAT FOR HUMANITY NEW YORK CITY AND
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Notes to Consolidated Financial Statements

Years Ended June 30, 2023 and 2022

NOTE 8 PROJECTS UNDER DEVELOPMENT *(continued)*

Project	Balance at July 1, 2021	Fiscal Year 2022 Activity		Balance at June 30, 2022
		Additions	Sales and Adjustments	
Constellation (formerly Brownsville)	\$ 256,843	\$ 51,320	\$ -	\$ 308,163
Net Zero	976,275	2,059,142	-	3,035,417
Mosaic (formerly Weeksville)	1,005,148	416,701	-	1,421,849
Queens Phase II	2,455,652	142,836	(945,979)	1,652,509
Sydney	6,032,161	307,512	(5,909,473)	430,200
SEED	10,267,081	665,183	(6,630,648)	4,301,616
Dean Street	2,528,478	4,769	(2,022,406)	510,841
Haven Green	445,742	3,587	-	449,329
Claremont House	-	8,486	-	8,486
Total	23,967,380	3,659,536	(15,508,506)	12,118,410
Projects under development - Dean Street reserve	(592,398)	-	472,380	(120,018)
Projects under development - Queens Phase II reserve	(516,782)	(178,247)	234,252	(460,777)
Net	\$ 22,858,200	\$ 3,481,289	\$ (14,801,874)	\$ 11,537,615

NOTE 9 PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2023 and 2022, consisted of the following:

	2023	2022
<i>Cost</i>		
Vehicles and equipment	\$ 180,812	\$ 161,836
Leasehold improvements	240,872	201,607
Construction in progress	880,000	30,690
Total	1,301,684	394,133
Less: Accumulated depreciation and amortization	(301,085)	(257,452)
Property and equipment, net	\$ 1,000,599	\$ 136,681

Depreciation expense for the years ended June 30, 2023 and 2022, was \$43,633 and \$102,238, respectively. During the year ended June 30, 2023, Habitat NYC and Westchester received \$880,000 of donated construction in progress for the ReStore location in Yonkers, New York, which opened subsequent to fiscal year end in October 2023.

**HABITAT FOR HUMANITY NEW YORK CITY AND
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Notes to Consolidated Financial Statements

Years Ended June 30, 2023 and 2022

NOTE 10 DEFERRED REVENUE

Deferred revenue represents government grants and subsidies for projects under development, which will be recognized as revenue when the related housing units are sold to qualified purchasers. Deferred revenue at June 30, 2023 and 2022, consisted of the following:

	<u>2023</u>	<u>2022</u>
<i>Dean Street project government subsidies</i>		
City	\$ -	\$ 23,066
AHC	-	40,000
HPD	-	108,800
Total Dean Street project government subsidies	-	171,866
Habitat House Party Gala	50,000	27,000
Sydney deferred developer fee	-	1,119,558
SEED deferred developer fee	485,511	720,091
Landlord Ambassador Flexible Financing Program (Fund)	1,112,330	694,344
Build days	65,000	275,000
CDFI interest reserve accounts	36,785	-
Claremont House project	-	65,027
Other	35,167	-
	<u>\$ 1,784,793</u>	<u>\$ 3,072,886</u>

Certain projects under development receive subsidies from New York City in the form of loan grants, capital project funds, or the sale of property at substantially below-market value for the project sites. The subsidies are encumbered by various loan agreements and related security instruments, which require repayment of the subsidies to the City in the event of Habitat NYC and Westchester's default on its construction obligations and sale of the units to the qualified purchasers. Habitat NYC and Westchester's obligations under the agreements are further collateralized by the projects under development.

Government Subsidies

Dean Street

Subsidies received are deferred and recognized as income as the housing units are sold to qualified buyers pursuant to the terms of the underlying agreements with the City. At June 30, 2023 and 2022, the deferred project subsidy consisted of \$0 and \$23,066, respectively, for the various properties acquired from the City for the Dean Street project at a nominal price of \$4 under a land disposition agreement and deed executed on June 26, 2014. Collectively, the properties had an appraised value of \$346,000.

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Notes to Consolidated Financial Statements

Years Ended June 30, 2023 and 2022

NOTE 10 DEFERRED REVENUE *(continued)*

Government Subsidies *(continued)*

Dean Street (continued)

Under various agreements executed on June 26, 2014, Habitat NYC and Westchester also expects to receive additional subsidies in the form of a construction loan grant, amounting to \$1,632,000 from the City through the HPD; \$600,000 in a conditional grant from the State of New York AHC and a permanent, non-interest-bearing loan of \$670,859 from the New York State Housing Trust Fund Corporation (HTF) to finance a portion of the construction cost of the Dean Street project. The construction loan grant and conditional grant will be available in the form of advances in accordance with the order of disbursement and requisition process, among other requirements, which are set forth in the memorandum of understanding dated June 26, 2014, among Habitat NYC and Westchester, HPD, and AHC. As of June 30, 2023, Habitat NYC and Westchester received \$600,000 from AHC, \$1,632,000 from HPD and \$670,859 from HTF were recognized as government subsidies through the year ended June 30, 2023.

On December 7, 2013, Habitat NYC and Westchester was awarded an \$18,000 grant by New York State Energy Research and Development Authority (NYSERDA) for receiving green energy certifications for the construction of the Dean Street homes. NYSERDA disbursed this award to Habitat NYC and Westchester during fiscal years 2018 and 2017. An additional \$9,000 was disbursed during fiscal year 2019.

Government Subsidies – Funding Commitments

Mosaic

Habitat NYC and Westchester received from HPD two funding commitments dated July 6, 2017, and February 10, 2017, in the amounts not to exceed \$1,000,000 and \$375,000, respectively, for the construction of approximately 12 housing units in Brooklyn, New York.

Habitat NYC and Westchester received from The Council of The City of New York a funding commitment dated November 20, 2018, for an amount not to exceed \$800,000 in capital funding.

Habitat NYC and Westchester received from the Office of the Brooklyn Borough President a funding commitment dated August 1, 2019, for an amount not to exceed \$285,000 in capital funding.

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Notes to Consolidated Financial Statements

Years Ended June 30, 2023 and 2022

NOTE 10 DEFERRED REVENUE *(continued)*

Government Subsidies – Funding Commitments *(continued)*

Net Zero

On October 27, 2020, Habitat NYC and Westchester received from The Council of The City of New York a funding commitment letter for an amount not to exceed \$200,000 in capital funding.

On July 9, 2021, Habitat NYC and Westchester received from the Office of the Queens Borough President a funding commitment letter for an amount not to exceed \$400,000.

During fiscal year 2022, Habitat NYC and Westchester was notified that \$200,000 from the Queens Borough President was allocated in the capital funding budget.

Constellation

During fiscal year 2021, Habitat NYC and Westchester received from The Council of The City of New York a funding commitment for an amount not to exceed \$500,000 in capital funding.

Habitat NYC and Westchester received from The Council of The City of New York a funding commitment dated February 10, 2017, for an amount not to exceed \$300,000 in capital funding.

Habitat NYC and Westchester received from The Federal Community Project Funding a funding commitment dated March 2, 2023, for an amount not to exceed \$3,000,000 in capital funding.

Stevenson Commons

On July 6, 2021, Habitat NYC and Westchester received from the Office of the Bronx Borough President a funding commitment letter for an amount not to exceed \$1,000,000 in capital funding.

On September 20, 2022, Habitat NYC and Westchester received from The Council of The City of New York a funding commitment letter for an amount not to exceed \$2,000,000 in capital funding.

**HABITAT FOR HUMANITY NEW YORK CITY AND
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Notes to Consolidated Financial Statements
Years Ended June 30, 2023 and 2022

NOTE 11 DEBT

Loans Payable-Project Related

Loans payable as of June 30, 2023, are as follows:

	Balance at July 1, 2022	Additional Borrowings/ Draws	Payments/ Releases from sales	Balance at June 30, 2023
On February 23, 2017, HPD provided a forgivable loan of \$2,550,000 to be drawn down. The loan is secured by co-second priority mortgages on the property of the Queens Phase II project, with no interest or payments due, forgivable and transferable to the purchaser of each home.	\$ 416,898	\$ 58,344	\$ -	\$ 475,242
On February 23, 2017, AHC provided a loan of \$800,000 to be drawn down. The loan is secured by co-second priority mortgages on the property of the Queens Phase II project, with no interest or payments, forgivable and transferable to the purchaser of each home.	30,834	49,166	-	80,000
On February 10, 2017, CPC provided a forgivable loan of \$3,222,400 to be drawn down. The loan is secured by fourth mortgages on the property of the SEED project, with no interest or payments due, forgivable and transferable to the purchaser of each home.	1,160,064	-	(644,480)	515,584
On February 10, 2017, HPD provided a forgivable loan of \$1,750,000 to be drawn down. The loan is secured by second mortgages on the property of the SEED project, with no interest or payments due, forgivable and transferable to the purchaser of each home.	630,000	-	(350,000)	280,000
On February 10, 2017, AHC provided a forgivable loan of \$1,000,000 to be drawn down. The loan is secured by third mortgages on the property of the SEED project, with no interest or payments due, forgivable and transferable to the purchaser of each home.	360,000	-	(200,000)	160,000
On February 22, 2018, HPD, has provided a forgivable loan of \$13,405,000 to be drawn down. The loan is secured by co-second priority mortgages on the property of the Sydney House project, with no interest or payments due, forgivable and transferable to the purchaser of each home.	470,351	-	(470,351)	-
On February 28, 2018, AHC provided a loan of \$2,240,000 to be drawn down. The loan is secured by co-second priority mortgages on the property of the Sydney House project, with no interest or payments due, forgivable and transferable to the purchaser of each home.	39,998	-	(39,998)	-
On February 23, 2022, Local Initiatives Support Corporation ("LISC") provided a loan of \$6,635,000 to be drawn down. The loan bears interest at 5.62% per annum, due February 23, 2025. The loan is secured by a first priority mortgage on the property of the Habitat Net Zero project.	1,537,916	2,150,444	-	3,688,360
On February 23, 2022, HPD provided a forgivable loan of \$3,930,000 to be drawn down. The loan is secured by a second mortgage on the Habitat Net Zero project, with no interest or payments due, forgivable and transferable to the purchaser of each home.	151,025	1,286,373	-	1,437,398
On June 1, 2021, Neighborhood Housing Trust ("NHT") provided a loan to finance the pre-development costs up to \$1,500,000 related to the Mosaic project. This is a one-year loan bearing interest at 6.5%. The loan has been extended for an additional nine months and matured on March 1, 2023. The loan was further extended and matures on December 29, 2023.	1,174,507	324,702	-	1,499,209
Total	5,971,593	\$ 3,869,029	\$ (1,704,829)	8,135,793
Less: Current portion	(4,282,652)			(3,010,035)
Long-term portion	\$ 1,688,941			\$ 5,125,758

As of June 30, 2023, Habitat NYC and Westchester was in compliance with its loan covenants with CPC and JPMorgan Chase Bank, N.A. (the Bank).

The terms and conditions do not require Habitat NYC and Westchester to utilize cash to repay the obligations from HPD, AHC, and CPC forgivable loans. Moreover, there are no scheduled maturities of the related debt, since Habitat NYC and Westchester is relieved of an obligation to repay the loan upon transfer of the property to a qualified buyer. Interest on these loans that was capitalized in 2023 and 2022 amounted to \$155,243 and \$152,812, respectively.

**HABITAT FOR HUMANITY NEW YORK CITY AND
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Notes to Consolidated Financial Statements

Years Ended June 30, 2023 and 2022

NOTE 11 DEBT *(continued)*

Loans Payable-Other

On August 19, 2020, the Fund entered into a five-year loan agreement with a bank for \$500,000. The loan bears interest at 3% and matures on July 19, 2025. The loan balance as of June 30, 2023, amounted to \$500,000. Interest expense in 2023 amounted to \$15,208.

On October 30, 2020, Habitat NYC and Westchester entered into a loan agreement with a bank to access up to \$800,000 of its equity invested in Habitat Net Zero Homes HDFC project. This is a three-year loan bearing interest at 5%. The maturity date was extended for 90 days, with an expiration date of January 30, 2024. The loan will be repaid upon sales of the Habitat Net Zero Homes HDFC units. The loan balance as of June 30, 2023, amounted to \$429,567. Interest expense in 2023 amounted to \$25,912.

On June 29, 2022, Habitat Net Zero, LLC entered into an intercompany loan with the Fund to finance the pre-development costs up to \$250,000 related to the Net Zero project. This loan bears interest at 5.5% and is due upon the earlier of substantial completion of the Net Zero project or July 1, 2024. This intercompany loan has been eliminated in the accompanying consolidated financial statements.

Economic Injury Disaster Loan

On July 6, 2020, Habitat NYC and Westchester received a \$150,000 loan from the U.S. Small Business Administration under the Economic Injury Disaster Loan Program in accordance with the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). This loan is a 30-year, 2.75% loan, to be repaid beginning January 6, 2023. The loan balance as of June 30, 2023 amounted to \$150,000. Interest expense in 2023 amounted to \$4,117.

Recoverable Grant Liability

On November 15, 2017, the Fund entered into a recoverable interest-free grant agreement with Deutsche Bank Americas Foundation (the Foundation), whereby the Foundation will provide \$40,000 annually for three years starting November 25, 2017. The Fund is required to repay the funds in three installments of \$40,000 each due November 15, 2020, 2021, and 2022, respectively. The Fund received \$120,000 as of June 30, 2022, from the Foundation and has reported the recoverable grant liability at present value net of unamortized discount of \$0 and \$2,595, as of June 30, 2022 and 2021, respectively, using a discount rate of 5%. The Fund repaid the first two installments of \$40,000 during fiscal years 2021 and 2022. The third and final installment was repaid on November 4, 2022.

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Notes to Consolidated Financial Statements

Years Ended June 30, 2023 and 2022

NOTE 11 DEBT *(continued)*

Lines of Credit

On February 4, 2016, Habitat NYC and Westchester entered into a loan agreement (the Agreement) with the bank, whereby the bank provided Habitat NYC and Westchester with a revolving line of credit (the Facility) in the amount of \$2,000,000 (the Facility Commitment). The Facility originally ended on February 4, 2017 (the Facility Expiration Date), and was renewed by the Bank prior to the Facility Expiration Date. The Facility was increased to the amount of \$5,000,000, during the year ended June 30, 2019. During the fiscal year, Habitat NYC and Westchester renewed the Facility in the amount of \$3,500,000 with an expiration date of February 1, 2024. The Facility bears interest calculated daily using the Secured Overnight Financing Rate (SOFR) plus 4.331% as of June 30, 2023, and SOFR plus 3.17% as of June 30, 2022. The loan balance as of June 30, 2023 and 2022, amounted to \$2,000,000 and \$1,000,000, respectively. Interest expense in 2023 and 2022 amounted to \$116,153 and \$102,151, respectively.

On October 4, 2019, the Fund entered into a loan agreement with a bank for a line of credit of \$2,500,000. The loan bears interest at 3%. The line of credit expired on October 4, 2022 and was renewed for another six months, with an expiration date of April 4, 2023. On April 4, 2023, the Fund renewed the loan agreement for a line of credit of \$2,500,000. The loan bears interest at 4.5% and expires on April 4, 2028. The loan balance as of June 30, 2023 and 2022, amounted to \$0, respectively. Interest expense in 2023 and 2022 amounted to \$0, respectively.

On September 29, 2022, the Fund entered into a loan agreement with a bank for a line of credit of \$250,000. The loan bears interest at 3%. The line of credit draw period expires on September 29, 2023, with the repayment period expiring on September 29, 2028. The loan balance as of June 30, 2023, amounted to \$0. Interest expense in 2023 amounted to \$0.

NOTE 12 BOARD-DESIGNATED NET ASSETS

The Board of Directors authorized management to establish a Board-designation of net assets in the amount of up to \$1,000,000 to provide a source of funds in times of general economic downturn and meet cash flow requirements as needed. This reserve enables Habitat NYC and Westchester to avoid dramatic year-to-year program changes that might arise due to uncertainties associated with government grants and private funding streams.

**HABITAT FOR HUMANITY NEW YORK CITY AND
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Notes to Consolidated Financial Statements

Years Ended June 30, 2023 and 2022

NOTE 12 BOARD-DESIGNATED NET ASSETS *(continued)*

Habitat NYC and Westchester has invested its Board-designated fund to provide a predictable stream of funding while preserving the purchasing power of the funds, utilizing a fixed-income strategy to accomplish this objective. As of June 30, 2023 and 2022, Board-designated net assets amounted to \$200,000, respectively. Interest income related to the Board-designated fund amounted to approximately \$40 and \$140 in 2023 and 2022, respectively. The Board's policy is to appropriate such income to support Habitat NYC and Westchester's activities. As of June 30, 2023, the Board has not established a spending rate policy for the Board-designated fund.

NOTE 13 NET ASSETS

Net Assets with Donor Restrictions

Net assets with donor restrictions include those funds received or promised specifically for construction and development, rehabilitation, and other purposes, which have not yet been spent in fulfillment of those donor restrictions, as well as time-restricted grants.

The activity in net assets with donor restrictions is as follows:

		<u>Fiscal Year 2023 Activity</u>		
	<u>Balance, at June 30, 2022</u>	<u>Additions</u>	<u>Releases from Restrictions</u>	<u>Balance, at June 30, 2023</u>
<i>Projects</i>				
Queens Phase II	\$ -	\$ 5,000	\$ 5,000	\$ -
SEED	-	89,000	89,000	-
Net Zero	-	110,000	110,000	-
<i>Other</i>				
Disaster Response	270,879	-	22,750	248,129
Advocacy	7,000	64,200	25,000	46,200
Global Village	16,529	-	16,529	-
Preservation	-	37,500	37,500	-
Emergency Housing Relief Fund	162,970	-	162,970	-
Aging in Place	70,000	95,200	93,200	72,000
COVID Mortgage Relief	6,454	-	6,454	-
Time	375,000	-	125,000	250,000
Total	<u>\$ 908,832</u>	<u>\$ 400,900</u>	<u>\$ 693,403</u>	<u>\$ 616,329</u>

**HABITAT FOR HUMANITY NEW YORK CITY AND
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Notes to Consolidated Financial Statements

Years Ended June 30, 2023 and 2022

NOTE 13 NET ASSETS (continued)

Net Assets with Donor Restrictions (continued)

	Balance, at June 30, 2021	Fiscal Year 2022 Activity		Balance, at June 30, 2022
		Additions	Releases from Restrictions	
<i>Projects</i>				
SEED	\$ -	\$ 75,000	\$ 75,000	\$ -
Net Zero	-	65,000	65,000	-
Mosaic	-	25,000	25,000	-
Disaster Response	285,879	10,000	25,000	270,879
Advocacy	-	7,000	-	7,000
ReStore	21,320	10,000	31,320	-
Global Village	16,529	-	-	16,529
Preservation	-	183,500	183,500	-
Community Land Trust	50,784	-	50,784	-
Emergency Housing Relief Fund	147,870	15,100	-	162,970
Aging in Place	-	70,000	-	70,000
COVID Mortgage Relief	6,454	-	-	6,454
Time	-	375,000	-	375,000
Total	\$ 528,836	\$ 835,600	\$ 455,604	\$ 908,832

Non-Controlling Interest

The balance of the non-controlling interest attributed to Tilden Street LLC totaled \$0 and \$98,108 at June 30, 2023 and 2022, respectively. The balance of the non-controlling interest attributed to Latent LLC totaled \$154,687 and \$444,264 at June 30, 2023 and 2022, respectively.

The changes in non-controlling net asset amounts are summarized as follows for the years ended June 30:

	Controlling Interest	Non-controlling Interest	Total Net Assets Without Donor Restrictions
Balance, at June 30, 2021	\$ 9,306,790	\$ 1,027,882	\$ 10,334,672
Change in net assets	(1,347,802)	(485,510)	(1,833,312)
Balance, at June 30, 2022	7,958,988	542,372	8,501,360
Change in net assets	(70,433)	(387,685)	(458,118)
Balance, at June 30, 2023	\$ 7,888,555	\$ 154,687	\$ 8,043,242

**HABITAT FOR HUMANITY NEW YORK CITY AND
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Notes to Consolidated Financial Statements

Years Ended June 30, 2023 and 2022

NOTE 14 EMPLOYEE BENEFIT PLAN

Habitat NYC and Westchester has a 403(b) defined contribution retirement plan. Employees become eligible to contribute to the plan upon employment. Participating employees may contribute any amount up to the maximum IRS annual contribution limits. Matching contributions by Habitat NYC and Westchester are discretionary. Matching contributions amounted to approximately \$32,600 and \$0 for the years ended June 30, 2023 and 2022, respectively.

NOTE 15 COMMITMENTS AND CONTINGENCIES

Leases

Habitat NYC and Westchester has an operating lease for its office space that expired on March 21, 2022, and was extended on a month-to-month basis through June 30, 2022. Habitat NYC and Westchester entered into a new three-year operating lease agreement for its office space which expires on June 30, 2025. Annual payments amounted to \$66,000 and \$298,000 for the years ended June 30, 2023 and 2022, respectively.

Habitat NYC and Westchester entered into a 10-year operating lease agreement for its ReStore space in Woodside, New York that expires on September 15, 2025. Annual payments amounted to \$83,435 for the years ended June 30, 2023 and 2022, respectively.

Westchester County Habitat entered into a two-year-two-month operating lease agreement for its Westchester location, effective September 1, 2021, that expires on October 31, 2023. Subsequent to fiscal year end, Westchester County Habitat exercised the one-year extension to October 31, 2024. Annual payments amounted to \$18,728 and \$6,500 for the years ended June 30, 2023 and 2022, respectively.

Rent expense was approximately \$161,740 and \$323,500 for the years ended June 30, 2023 and 2022, respectively. The cumulative difference between rent expense and amounts paid in accordance with the terms of the leases amounted to \$10,778 and \$12,168 as of June 30, 2023 and 2022, respectively, and has been reflected in the accompanying consolidated statements of financial position.

Habitat NYC and Westchester entered into a non-cancellable, 39-month operating lease agreement for office equipment, which commenced in July 1, 2023, and expires in September 2026. Payments are \$890 per month.

**HABITAT FOR HUMANITY NEW YORK CITY AND
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Notes to Consolidated Financial Statements

Years Ended June 30, 2023 and 2022

NOTE 15 COMMITMENTS AND CONTINGENCIES *(continued)*

Adoption of New Accounting Standard

Effective June 30, 2023, Habitat NYC and Westchester adopted the new lease accounting guidance in ASC 842, *Leases*. Habitat NYC and Westchester selected the package of practical expedients permitted in ASC 842. Accordingly, Habitat NYC and Westchester accounted for its existing operating leases as operating leases under the new guidance, without reassessing whether the contracts contain leases under ASC 842 and whether classification of the operating leases would be different under ASC 842. As a result of the adoption of the new lease accounting guidance, Habitat NYC and Westchester recognized on June 30, 2023 a lease liability of \$324,608, which represents the present value of the remaining lease payments of \$355,717, discounted using a risk-free discount rate of 9.5% per year.

For the year ended June 30, 2023, total operating lease costs, as well as operating cash flows from operating leases, amounted to approximately \$168,163.

At June 30, 2023, total future minimal lease payments under the leases are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 176,413
2025	161,922
2026	<u>17,382</u>
Total Lease payments	355,717
Less: Present value discount	<u>(31,109)</u>
Present value of lease liabilities	<u>\$ 324,608</u>

At June 30, 2023, the undiscounted future cash flows of \$355,717 are discounted by a present value adjustment of \$31,109 resulting in an operating lease liability of \$324,608 reported in the accompanying consolidated statement of financial position as of June 30, 2023.

The weighted-average remaining lease term for operating leases at June 30, 2023, is 6.25 years. The weighted-average discount rate for operating leases at June 30, 2023, is 9.5%

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Notes to Consolidated Financial Statements

Years Ended June 30, 2023 and 2022

NOTE 16 FUNCTIONAL ALLOCATION OF EXPENSES

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated based on departmental headcounts include occupancy, depreciation and amortization, professional services, office expenses, computer maintenance and software, and insurance. Salaries and wages, payroll taxes and benefits are based upon both time and effort. All other expenses are directly charged to its proper function based upon the nature and classification of the expense.

NOTE 17 SUBSEQUENT EVENTS

Habitat NYC and Westchester evaluates events occurring after the date of the consolidated financial statements to consider whether or not the impact of such events needs to be reflected or disclosed in the consolidated financial statements. Such evaluation was performed through December 21, 2023, the date the consolidated financial statements were approved for issuance.

Westchester County Habitat entered into a 10-year operating lease agreement for its ReStore space in Yonkers, New York commencing October 1, 2023, and expires on September 30, 2033.

On November 28, 2023, Stevenson NYC Habitat LLC was formed as a single-purpose entity to enter into a joint venture as a 10% common membership interest of the sponsor entity related to the construction of the Stevenson Commons project. New York City Habitat is the sole member of Stevenson NYC Habitat LLC.

SUPPLEMENTARY SCHEDULES

HABITAT FOR HUMANITY NEW YORK CITY AND WESTCHESTER, INC. AND AFFILIATES

Consolidating Schedule of Financial Position

As of June 30, 2023

(With Comparative Consolidated Totals as of June 30, 2022)

	Habitat for Humanity NYC and Westchester, Inc.	Westchester County Habitat for Humanity, Inc.	New York City Habitat for Humanity, Inc.	Habitat for Humanity HDFC	Habitat for Humanity Dean Street HDFC	Habitat for Humanity Queens Phase II HDFC	Habitat Latent LLC	AG Habitat Tilden Street LLC	Habitat for Humanity NYC Fund Inc.	Habitat Net Zero LLC	Habitat Mosaic Brooklyn LLC	Consolidating Eliminations	Consolidated Total 2023	Consolidated Total 2022
ASSETS														
<i>Current assets</i>														
Cash and cash equivalents	\$ 596,993	\$ 11,469	\$ 24,985	\$ 32,642	\$ 10,725	\$ 95,591	\$ 719,221	\$ 349,227	\$ 663,931	\$ 8,021	\$ -	\$ -	\$ 2,512,805	\$ 3,865,268
Restricted cash	76,413	-	-	-	-	-	-	-	1,047,231	-	-	-	1,123,644	747,298
Accounts receivable	1,023,510	-	-	-	-	199,208	67,100	-	7,428	-	38,323	-	1,335,569	2,581,612
Contributions and grants receivable	550,000	-	-	-	-	-	-	-	500,000	-	-	-	1,050,000	530,000
Due from affiliates	3,362,853	-	-	-	10,070	-	-	-	-	-	-	(3,372,923)	-	-
Mortgages receivable	-	-	-	163,873	-	-	-	-	4,610	-	-	-	168,483	319,002
CDFI loans receivable, net	-	-	-	-	-	-	-	-	103,618	-	-	-	103,618	180,501
Projects under development, net	-	-	-	-	-	1,274,764	2,038,634	-	-	-	-	-	3,313,398	6,314,371
ReStore inventory	16,377	65,175	-	-	-	-	-	-	-	-	-	-	81,552	42,716
Prepaid expenses and other assets	308,770	6,900	-	-	-	-	-	-	-	-	-	-	315,670	350,293
Total current assets	5,934,916	83,544	24,985	196,515	20,795	1,569,563	2,824,955	349,227	2,326,818	8,021	38,323	(3,372,923)	10,004,739	14,931,061
<i>Non-current assets</i>														
Homeowners' escrow and reserve funds	-	-	-	97,830	-	-	-	-	25,124	-	-	-	122,954	3,736
Contributions receivable	125,000	-	-	-	-	-	-	-	-	-	-	-	125,000	250,000
Mortgages receivable, net	-	-	-	581,266	-	-	-	-	1,411,754	-	-	-	1,993,020	2,478,369
CDFI loans receivable, net	-	-	-	-	-	-	-	-	1,881,832	-	-	(250,000)	1,631,832	722,178
Projects under development	897,465	-	-	-	-	-	-	-	-	6,790,631	1,729,014	(12,833)	9,404,277	5,223,244
Property and equipment, net	120,599	880,000	-	-	-	-	-	-	-	-	-	-	1,000,599	136,681
Security deposit	14,655	51,012	-	-	-	-	-	-	-	-	-	-	65,667	29,766
Right-of-use Operating Lease	282,686	31,144	-	-	-	-	-	-	-	-	-	-	313,830	-
Total non-current assets	1,440,405	962,156	-	679,096	-	-	-	-	3,318,710	6,790,631	1,729,014	(262,833)	14,657,179	8,843,974
Total assets	\$ 7,375,321	\$ 1,045,700	\$ 24,985	\$ 875,611	\$ 20,795	\$ 1,569,563	\$ 2,824,955	\$ 349,227	\$ 5,645,528	\$ 6,798,652	\$ 1,767,337	\$ (3,635,756)	\$ 24,661,918	\$ 23,775,035
LIABILITIES AND NET ASSETS														
<i>Current liabilities</i>														
Accounts payable and accrued expenses	\$ 1,615,643	\$ 5,646	\$ -	\$ -	\$ 20,795	\$ 34,193	\$ 784,565	\$ 34,306	\$ 13,955	\$ 106,437	\$ 62,046	\$ -	\$ 2,677,586	3,088,932
Due to affiliates	-	305,816	29,435	441,644	-	301,960	446,908	314,921	-	1,320,857	210,482	(3,372,023)	-	-
Loans payable-project related	-	-	-	-	-	555,242	955,584	-	-	-	1,499,209	-	3,010,035	3,108,145
Loans payable-other	-	-	-	429,567	-	-	-	-	-	-	-	-	429,567	1,174,507
Recoverable grant liability	-	-	-	-	-	-	-	-	-	-	-	-	-	40,000
Deferred revenue	150,167	-	-	-	-	-	485,511	-	112,642	-	-	-	748,320	3,072,886
Deferred rent	-	-	-	-	-	-	-	-	-	-	-	-	-	3,791
Lines of credit	2,000,000	-	-	-	-	-	-	-	-	-	-	-	2,000,000	1,000,000
Total current liabilities	3,765,810	311,462	29,435	871,211	20,795	891,395	2,672,568	349,227	126,597	1,427,294	1,771,737	(3,372,023)	8,865,508	11,488,261
<i>Non-current liabilities</i>														
Deferred rent	-	-	-	-	-	-	-	-	-	-	-	-	-	8,379
Loans payable-project related	-	-	-	-	-	-	-	-	-	5,125,758	-	-	5,125,758	1,688,941
Loans payable-other	150,000	-	-	-	-	-	-	-	500,000	250,000	-	(250,000)	650,000	1,179,262
Deferred revenue	-	-	-	-	-	-	-	-	1,036,473	-	-	-	1,036,473	-
Lease Liabilities	293,061	31,547	-	-	-	-	-	-	-	-	-	-	324,608	-
Total non-current liabilities	443,061	31,547	-	-	-	-	-	-	1,536,473	5,375,758	-	(250,000)	7,136,839	2,876,582
Total liabilities	4,208,871	343,009	29,435	871,211	20,795	891,395	2,672,568	349,227	1,663,070	6,803,052	1,771,737	(3,622,023)	16,002,347	14,364,843
<i>Net assets</i>														
Without donor restrictions														
Board-designated	200,000	-	-	-	-	-	-	-	-	-	-	-	200,000	200,000
Undesignated	2,422,121	630,691	(4,450)	4,400	-	678,168	(2,300)	-	3,982,458	(4,400)	(4,400)	(13,733)	7,688,555	7,758,988
Non-controlling interest	-	-	-	-	-	-	154,687	-	-	-	-	-	154,687	542,372
Total without donor restrictions	2,622,121	630,691	(4,450)	4,400	-	678,168	152,387	-	3,982,458	(4,400)	(4,400)	(13,733)	8,043,242	8,501,360
With donor restrictions	544,329	72,000	-	-	-	-	-	-	-	-	-	-	616,329	908,832
Total net assets (deficit)	3,166,450	702,691	(4,450)	4,400	-	678,168	152,387	-	3,982,458	(4,400)	(4,400)	(13,733)	8,659,571	9,410,192
Total liabilities and net assets	\$ 7,375,321	\$ 1,045,700	\$ 24,985	\$ 875,611	\$ 20,795	\$ 1,569,563	\$ 2,824,955	\$ 349,227	\$ 5,645,528	\$ 6,798,652	\$ 1,767,337	\$ (3,635,756)	\$ 24,661,918	\$ 23,775,035

**HABITAT FOR HUMANITY NEW YORK CITY
AND WESTCHESTER COUNTY, INC. AND AFFILIATES**
Consolidating Schedule of Activities
For the Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	Habitat for Humanity NYC and Westchester, Inc.	Westchester County Habitat for Humanity, Inc.	New York City Habitat for Humanity, Inc.	Habitat for Humanity HDFC	Habitat for Humanity Dean Street HDFC	Habitat for Humanity Queens Phase II HDFC	Habitat Latent LLC	AG Habitat Tilden Street LLC	Habitat for Humanity NYC Fund Inc.	Habitat Net Zero LLC	Habitat Mosaic Brooklyn LLC	Consolidating Eliminations	Consolidated Total 2023	Consolidated Total 2022
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS: SUPPORT AND REVENUE														
<i>Support</i>														
Contributions (including in-kind contributions of \$2,285,846 and contributed services of \$134,732)	\$ 3,593,071	\$ 1,611,510	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,079	\$ -	\$ -	\$ -	\$ 5,308,660	\$ 4,050,398
Government support	-	-	-	-	-	-	-	-	500,000	-	-	-	500,000	225,000
Special events	602,573	-	-	-	-	-	-	-	-	-	-	-	602,573	837,564
<i>Revenue</i>														
<i>Sale of housing units</i>														
Proceeds from sales	-	-	-	-	185,895	-	1,297,759	148,617	-	-	-	-	1,632,271	6,478,568
Government subsidies	-	-	-	-	216,590	-	1,194,480	510,348	-	-	-	-	1,921,418	8,540,410
ReStore sales	733,403	-	-	-	-	-	-	-	-	-	-	-	733,403	702,976
Investment return and interest income	2,798	2	-	-	-	-	-	-	79,726	-	-	(12,833)	69,693	45,928
Mortgage discount amortization	-	-	-	87,385	-	-	-	-	210,333	-	-	-	297,718	306,972
Other income	1,316,733	-	-	-	-	-	-	-	15,085	-	-	(900)	1,330,918	646,804
Subtotal support and revenue	6,248,578	1,611,512	-	87,385	402,485	-	2,492,239	658,965	909,223	-	-	(13,733)	12,396,654	21,834,620
Net assets released from restrictions	600,203	93,200	-	-	-	-	-	-	-	-	-	-	693,403	455,604
Total support and revenue	6,848,781	1,704,712	-	87,385	402,485	-	2,492,239	658,965	909,223	-	-	(13,733)	13,090,057	22,290,224
EXPENSES														
<i>Program services</i>														
Cost of housing units sold	-	-	-	-	420,656	-	2,492,239	351,211	-	-	-	-	3,264,106	14,797,598
Other program services	3,919,177	1,047,399	-	78,585	-	-	-	-	454,613	-	-	387,685	5,887,459	5,162,455
Total program services	3,919,177	1,047,399	-	78,585	420,656	-	2,492,239	351,211	454,613	-	-	387,685	9,151,565	19,960,053
<i>Supporting services</i>														
Management and general	2,213,816	29,754	4,450	4,400	7,900	12,700	9,800	17,600	250,969	4,400	4,400	-	2,560,189	2,400,214
Fundraising	1,836,421	-	-	-	-	-	-	-	-	-	-	-	1,836,421	1,763,269
Total supporting services	4,050,237	29,754	4,450	4,400	7,900	12,700	9,800	17,600	250,969	4,400	4,400	-	4,396,610	4,163,483
Total expenses	7,969,414	1,077,153	4,450	82,985	428,556	12,700	2,502,039	368,811	705,582	4,400	4,400	387,685	13,548,175	24,123,536
Change in net assets without donor restrictions before change in non-controlling interest	(1,120,633)	627,559	(4,450)	4,400	(26,071)	(12,700)	(9,800)	290,154	203,641	(4,400)	(4,400)	(401,418)	(458,118)	(1,833,312)
Transfer of interest from affiliates	1,562,642	-	-	-	(265,260)	-	-	(1,297,382)	-	-	-	-	-	-
Change in non-controlling interest	-	-	-	-	-	-	(289,577)	(98,108)	-	-	-	387,685	-	-
Change in net assets without donor restrictions	442,009	627,559	(4,450)	4,400	(291,331)	(12,700)	(299,377)	(1,105,336)	203,641	(4,400)	(4,400)	(13,733)	(458,118)	(1,833,312)
Net assets without donor restrictions before change in non-controlling interest, at beginning of year	2,180,112	3,132	-	-	291,331	690,868	451,764	1,105,336	3,778,817	-	-	-	8,501,360	10,334,672
Net assets without donor restrictions, at end of year	2,622,121	630,691	(4,450)	4,400	-	678,168	152,387	-	3,982,458	(4,400)	(4,400)	(13,733)	8,043,242	8,501,360
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS														
Contributions	305,700	95,200	-	-	-	-	-	-	-	-	-	-	400,900	835,600
Government subsidies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions	(600,203)	(93,200)	-	-	-	-	-	-	-	-	-	-	(693,403)	(455,604)
Change in net assets with donor restrictions	(294,503)	2,000	-	-	-	-	-	-	-	-	-	-	(292,503)	379,996
Net assets with donor restrictions, at beginning of year	838,832	70,000	-	-	-	-	-	-	-	-	-	-	908,832	528,836
Net assets with donor restrictions, at end of year	544,329	72,000	-	-	-	-	-	-	-	-	-	-	616,329	908,832
Total net assets, at end of year	\$ 3,166,450	\$ 702,691	\$ (4,450)	\$ 4,400	\$ -	\$ 678,168	\$ 152,387	\$ -	\$ 3,982,458	\$ (4,400)	\$ (4,400)	\$ (13,733)	\$ 8,659,571	\$ 9,410,192

